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7 MAR 1978

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MEMORANDUM FOR: Acting Director of Personnel

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THROUGH: Deputy Director of Personnel for Special Programs

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FROM: [REDACTED]

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Chief, Benefits and Services Division, SP

SUBJECT: Prepaid Group Legal Insurance Proposal [REDACTED]

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1. [REDACTED] As you well know, the subject of Prepaid Group Legal Insurance was not new to us when [REDACTED] the Office of General Counsel raised the matter last August and you and I met with him to discuss it in September. Thereafter, [REDACTED] the Office of Security, met with [REDACTED] on 29 November 1977. (Messrs. [REDACTED] are the gentlemen referred to you by [REDACTED] as organizers of a prepaid group legal plan which they wish to sell to Agency employees.) Representatives of [REDACTED] were also invited to this meeting but were unable to attend. A memo for the record prepared by [REDACTED] (see Attachment A) outlines the discussion that took place at that meeting.

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2. [REDACTED] Subsequently, [REDACTED] met with [REDACTED] 12 January 1978 to discuss the possibility of accepting [REDACTED] proposal. Both the Security and [REDACTED] representatives saw serious security problems with endorsement of the plan by the Agency. Unlike our other group insurance endeavors, which are on a no-name basis, this program would require release to the plan of the enrollment form of every employee who signs up for the insurance. At the conclusion of the discussion, the Office of Security representatives indicated they were opposed to Agency participation in the prepaid legal insurance plan and stated that a memorandum to that effect would be prepared (see Attachment B). [REDACTED]

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3. [REDACTED] In addition to the views of OS [REDACTED] we have some reservations of our own concerning sponsorship of any prepaid legal group. This stems from the experience the League of Federal Recreation Associations had with a plan they sponsored last year. That plan was advertised in the LFRA newspaper which is distributed by the various participating recreation associations. Thereafter,

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numerous complaints began to crop up about the plan not providing what it said it would and attorneys charging additional fees when members sought legal service. The problem got so serious that some recreation associations threatened to disassociate themselves from LFRA because of the pressure they were getting from their members over the prepaid legal plan problems. Employees at the Department of State felt strongly that the State Recreation Association was at fault inasmuch as they had relied on the Recreation Association's endorsement of the Plan. There is every reason to believe that our employees will react in the same way and expect us to resolve any disagreements they have with the plan over the services they understood it was to offer. Another potential problem that we see is the matter of the premium. Although paid on a monthly basis, it is actually an annual premium and the plan apparently regards the application as a contract in which the applicant agrees to pay the annual premium in 12 installments.

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4.  In view of the foregoing it appears that the offering of a prepaid group legal plan would not be in the Agency's best interest and I recommend that  be advised that we do not intend to offer this type of insurance to our employees.

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Att's.

APPROVED: 151

DISAPPROVED: \_\_\_\_\_

DATE: 10 MARCH 1978

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